

APRIL/MAY 2003

Insight

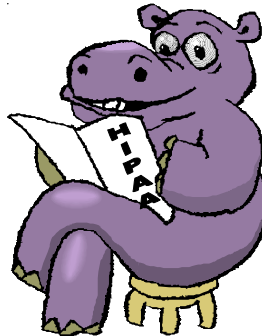
For
benefits
administrators

HIPAA happening

WHAT IS HIPAA?

The Health Insurance Portability and Accountability Act (HIPAA) was passed in 1996 as part of a broad Congressional attempt at health care reform. The Act was designed to:

- Assure health insurance portability
- Provide better access to health insurance
- Reduce health care fraud
- Enforce standards for health information
- Protect the privacy and security of health information



WHAT IS PHI?

Protected health information, or PHI, is health information that could be used directly or indirectly to identify a specific individual (for example, an enrollee's claim information or the family members listed under an enrollee's coverage) when that information is held by an entity covered under HIPAA. Information that is "de-identified"—does not identify an individual—is not subject to HIPAA requirements (for example, statistical information or reports used for research).

HIPAA PRIVACY RULES

The HIPAA privacy rules are designed to protect individuals' rights by giving them access to their PHI and by creating controls for appropriate use of PHI. The privacy rules became effective April 14, 2003.

WHO IS GOVERNED BY THE HIPAA PRIVACY RULES?

The privacy rules apply to three types of entities, known as *covered entities*:

- Health care providers (physicians, nursing homes, pharmacists, hospitals, etc.)
- Health plans (HMOs, insurance companies, employee benefit plans, Medicare). This includes the Employee Insurance Program (EIP).
- Health care clearinghouses (entities that receive information from providers and plans and help standardize that information into the HIPAA-required format for claims processing)

The privacy rules exempt employment records when held by an entity in its role as employer, even if the employer is a covered entity.

File Basic Life claims with Hartford

Please remember that claims for the Basic Life Insurance program (\$3,000) must be filed with The Hartford, using the Hartford's *Proof of Death Form* (form LC-6503-2). This form is available on the EIP Web site at www.eip.state.sc.us or from EIP Supply at 803-734-0607 (toll-free at 1-888-260-9430).

Until the Hartford updates the *Proof of Death Form* to include the Basic Life Insurance policy number, strike through the second number under Part I of the form and write the Basic Life number—GL 674267—in its place.

For Optional Life and Dependent Life Insurance claims, check policy number GL 33913 on the *Proof of Death Form*. Remember to write "accidental" in the remarks section of the form for accidental death benefits.

Claims should be sent to The Hartford, Group Benefits Division, P.O. Box 2999, Hartford, CT 06104-2999.

Continued on page 2

South Carolina
Budget and Control Board
Employee Insurance Program



P.O. Box 11661
Columbia, South Carolina 29211
803-734-0678 • 1-888-260-9430
www.eip.state.sc.us

NOTICE OF PRIVACY PRACTICES

EIP mailed a Notice of Privacy Practices to all enrollees prior to April 14. The notice explains how and to whom EIP discloses PHI. It also outlines individuals' new privacy rights under HIPAA. You and your employees may also have received similar notices from doctors or other sources. The Notice of Privacy Practices and EIP forms relating to the privacy rights are available on the EIP Web site at www.eip.state.sc.us or by calling EIP at 803-734-0678 (toll-free at 1-888-260-9430).

As information, postal services returned to EIP approximately 5,000 notices that were sent with incorrect addresses to active enrollees. Corrected addresses were included with the returned notices. EIP is in the process of correcting the addresses on the system, remailing the notices and notifying benefits administrators of the address changes. An automated system is being developed that will allow EIP to mail a Notice of Privacy Practices to all new hires when their enrollment forms are processed.

AUTHORIZED REPRESENTATIVE FORM

Individuals may designate whomever they want as an authorized representative, such as a friend, relative or a benefits administrator, by completing an *Authorized Representative Form* and submitting it to EIP. An authorization may be limited to cover only a particular incident or topic and may be revoked at any time by notifying EIP in writing. This form is available on the EIP Web site at www.eip.state.sc.us or by calling EIP at 803-734-0678 (toll-free at 1-888-260-9430).

WHAT WILL YOU NOTICE WHEN YOU CALL EIP?

Callers will be asked to confirm their identity by giving their name, address, Social Security number and date of birth. Generally, EIP Customer Service representatives will provide only the information requested and only the information that pertains to the caller. PHI for family members, etc., will not be disclosed,

unless there is an Authorized Representative Form on file, granting the caller authority or the caller is the legal parent/guardian for a covered minor.

Without authorization, benefits administrators who call on behalf of an employee will be able to receive only the information needed to determine coverage/premium amounts and to properly complete enrollment forms.

WHAT WILL YOU NOTICE WHEN YOU VISIT EIP?

EIP has also undertaken new security measures to ensure the safety and privacy of PHI. When you visit our offices, you'll notice a few changes.

First, all visitors must sign in with the receptionist and wear a numbered visitor's badge while at EIP. Visitors are also escorted in and around those areas where PHI may be present. Benefits administrators, who come to EIP to attend classes, must sign a special training roster at the receptionist's desk and receive a sticker to wear, indicating they are here for training purposes.

EIP personnel have limited access to secured areas of the office and secured computer information, depending upon job function. In addition, EIP employees have signed confidentiality agreements.

SAFEGUARDING THE CONFIDENTIALITY OF HEALTH INFORMATION IS VERY IMPORTANT TO US

At EIP, we know the importance of protecting the privacy of confidential health information. Our staff, consultants, business associates and anyone else with whom we contract for clinical or administrative services must protect the privacy of all PHI in performing their jobs. Physicians and other health care providers must do the same.

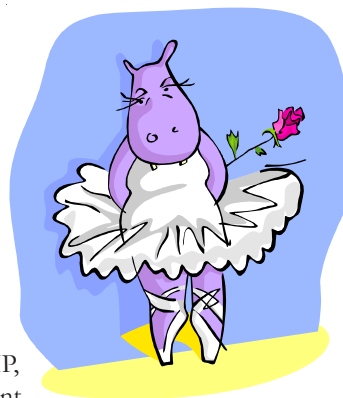
We limit authorized access to PHI and maintain PHI in secure areas and computer systems. Rest assured that the privacy and security of confidential health information is now better than ever for

all covered individuals.

HOW YOU CAN HELP

As your entity's liaison to EIP, it is important for you and other benefits administrators alike to notify EIP immediately when employees' addresses change. This will help ensure that Explanations of Benefits and other PHI mailed to them reaches the correct destination, thereby protecting the privacy and confidentiality of their PHI.

Also, in situations where you, as the benefits administrator, are asked by an employee to contact EIP to assist with a claims issue, please have that employee complete an *Authorized Representative Form*, giving you the authorization to discuss PHI on the employee's behalf, and submit it to EIP before you call.



Reminder! Drop spousal coverage within 31 days of divorce

A Dependent Life/Spouse death claim is not payable on an ex-spouse. A divorced spouse is not an eligible dependent and must be dropped from coverage, unless the employee is required by a court order to continue to cover the ex-spouse. Employees should request the coverage change within 31 days of the final divorce decree. Benefits administrators are asked to remind any employees in a divorce situation that they must submit a Notice of Election form for the change within this timeframe.

MoneyPlu\$ deductions could have helped at tax time

Tax season is over, and people are thinking of ways to decrease their tax liability next year. Why not take a closer look at MoneyPlu\$?

Employees who are not already reaping the benefits of a MoneyPlu\$ flexible spending account (FSA) should consider enrolling this coming October. The tax benefits are worth it! Not only will they be using pre-tax dollars to pay for out-of-pocket medical expenses or dependent care costs, but they will also be lowering their taxable income in the process—a bigger “bang for the buck” than paying for those expenses with after-tax money. Contributions to FSAs are deducted from salary before taxes, so the money used from the accounts to pay for these expenses is tax-free.

With MoneyPlu\$, you have two types of FSAs available—dependent care accounts and medical spending accounts. Employees may contribute to one or the other or both. Participating employees may set aside up to \$5,000 per year for dependent care expenses (\$5,000 per family/\$3,000 per employee) and up to \$3,000 for out-of-pocket medical expenses.

TAX-SAVINGS ANALYSIS NOW ON THE WEB

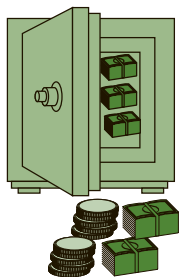
Fringe Benefits Management Company (FBMC), administrator for the MoneyPlu\$ program, has made it easy for you to estimate your potential tax savings by contributing to FSAs. There's a new tax-savings analysis program on the FBMC Web site at www.fbmc-benefits.com. Click on the upper right-hand tab, “Customer Service.” Next, click on “Tax Savings Analysis” in the left-hand blue frame.

From there, you'll be prompted to enter several pieces of information—annual income, tax filing status, number of dependents, date of birth and state of residence. You will also need to enter the number of paychecks you receive in a year (for instance, if paid twice a month, enter “24”).

Next, you will need to enter the following:

- The *annual* amounts you are considering contributing to the Medical Spending Account and/or to the Dependent Care Account;
- The *per-payroll* amount you contribute to a 401(k), 457, or 403(b) plan, such as through the South Carolina Deferred Compensation Program;
- The *per-payroll* total of any other deductions that are pre-tax (do *not* include your contributions to the South Carolina Retirement Systems).

MoneyPlu\$



**A perfect combination . . .
benefits you can bank on!**

Next, click on the “Calculate Tax Analysis” button.

FEDERAL TAX SAVINGS

The program will present you with a *tax-savings impact* estimate, projecting your per-payroll tax savings, annual tax savings, and even the tax savings until

MUSC

OPTIONS

prescription drug news

For MUSC Options subscribers only—effective July 1, 2003, participants may use the MUSC Ambulatory Care Pharmacy to obtain up to a 90-day supply of medication for the same copayments as the mail-order pharmacy for MUSC Options: \$15—generic, \$50—preferred brand and \$80—non-preferred brand.

To fill a prescription at the MUSC Ambulatory Care Pharmacy, the subscriber must either be a patient of the MUSC Medical Center or an employee of the MUSC Medical Center. This pharmacy is not allowed to serve patients without an affiliation with the MUSC Medical Center.

Please contact the MUSC Ambulatory Care Pharmacy at 843-876-0199 for more details about this change for MUSC Options participants.

A note to benefits administrators

If you have any questions or concerns regarding training classes, supplies and/or distribution or changes to the EIP database, please contact Joan McGee, Training, Development and Distribution Services Manager, with the Employee Insurance Program at 803-734-0578 (toll-free at 1-888-260-9430) or e-mail her at jmcgee@eip.state.sc.us.

Continued on page 4

retirement. Projected savings are rough estimates based on the total amount for *all* of the pre-tax contribution categories you entered. Also, the number of years the program projects until retirement is based on the age you will be when you are eligible for unreduced Social Security benefits (age 65-67, depending on your date of birth).

IMPACT ON SOCIAL SECURITY

Below the tax-savings impact is the *Social Security benefits savings impact* estimate. Contributing to flexible spending accounts and other pre-tax plans will reduce Social Security taxes and, therefore, future benefits. These contributions are deducted from your gross income before Social Security (FICA) taxes. In most instances, your tax savings, by contributing to an FSA, will more than offset the loss in lower Social Security benefits. The analysis estimates the future reduction in Social Security benefits, per year, and even includes an estimate of how many years it would take for that reduction to offset your estimated tax savings.

DEPENDENT CARE ACCOUNT VS. CHILD CARE TAX CREDIT

If you entered an amount to contribute toward the Dependent Care Account, the analysis will show you the federal tax rate used for the calculation and the amount you would save that year in taxes. It will compare your estimated tax savings to what you would save by filing for the child care tax credit on your tax return. The analysis also confirms whether you may be better off saving through the Dependent Care Account or filing for the child care tax credit instead.

QUESTIONS?

Any questions regarding the new tax-savings analysis program should be directed to FBMC's Customer Service representatives at 1-800-342-8017.

Long Term Care news: Inflation Increase



Between June 1st and 15th, 2003, current participants in the Long Term Care (LTC) Insurance Plan may increase their daily benefit coverage by \$10 without providing medical evidence of good health (as long as they are not receiving benefits). The additional \$10 benefit amount will become effective July 1, 2003.

The LTC Plan, administered by Aetna, includes an inflation protection feature that provides for these optional increases every two years. The current daily benefit amounts range from \$40 to \$160 (in \$10 increments). Effective July 1, the new maximum daily benefit amount will increase to \$170.

Aetna will send letters about the increase, along with the request form to increase coverage by \$10 and a premium rate chart, to everyone currently enrolled in LTC. **The request forms must be submitted between June 1st and June 15th.** Active employees and their spouses should return their completed forms to their benefits administrators. **(Benefits administrators: Please send completed forms to EIP as soon as you receive them, but no later than Monday, June 23rd.)** Retirees, their spouses and surviving spouses of retirees should return their forms, postmarked no later than June 15th, directly to the Employee Insurance Program. Premiums for the additional \$10 benefit amount will be based upon the participant's age as of the date the request form is received. Call Aetna at 1-800-537-8521 for any questions regarding the increase offer.

OPEN ENROLLMENT

Open enrollment for LTC will be held during October 2003. This enrollment will include new plan offerings that will become effective January 1, 2004. Therefore, new hires with an effective date of employment of September 1, 2003, or later may not enroll in the current LTC Plan. Instead, they should wait until October to enroll in the new Plan. More information will be made available as enrollment plans get underway.

EIP Field Services is here for you!

Would you or other benefits personnel like additional training or a "refresher" on insurance programs or procedures? How about educational, insurance cross-training between departments? Would your employees like an overview of their insurance benefits? Let us help!

The EIP Field Services experts are happy to help you meet your insurance training needs—at your office and at your convenience! Just give us a call, and we'll put together an on-site training program for your benefits staff or employees. We also provide one-on-one training for new benefits administrators.

Benefits administrator group training is also conducted regularly, here at EIP in Columbia. For a schedule of upcoming classes, go to the publications section of our Web site at: www.eip.state.sc.us/publications/index.html and click on "Catalogs & Manuals" to locate the *Insurance Benefits Training Catalog*, or you may call to have a copy sent to you. Simply call EIP for any of these services at 803-734-0678 (toll-free at 1-888-260-9430), and ask for Karen Sanders. We're here for you!

On March 21, 2003, Prevention Partners joined the USC School of Medicine's Family Practice Center and the Diabetes Initiative of South Carolina to offer a free, all-day, diabetes management seminar, entitled "Make a Day of It." The seminar was offered to participants who have completed at least one chronic disease workshop in the past. Attendance was limited to 50 participants and included state employees, retirees, their spouses and dependents.

Most of the participants were from Richland and Lexington counties, while others traveled from Spartanburg, York, Charleston, Orangeburg, Sumter and Florence counties. Participants ranged in age from those born in the 1920s to those born in the 1960s, and the majority had Type 2 diabetes. After a healthy breakfast of whole-wheat bagels, muffins, low-fat cream cheeses and low-sugar jellies, donated through the resources of the Family Practice Center, the agenda was as follows:

- **DIABETES BASICS, COMPLICATIONS, MEDICATIONS, ETC.**
Sharm Steadman, PharmD, CDE, Dept. of Family and Preventive Medicine, Palmetto-Richland Memorial Hospital
- **STRETCH AND WALK USING PEDOMETERS**
- **LUNCH AND NUTRITION SEGMENT**
Kay MacInnis, RD, Nutrition Services, Cardiac Rehabilitation, Providence Hospital
- **FOOT CARE AND FOOT WEAR**
Dr. Byron Jackson, Diagnostic Comprehensive Foot Care
- **GIZMOS AND GADGETS — PUMPS AND GLUCO-METERS**
Jimmy Mason, Novo-Nordisk Pharmaceuticals
Lyn Hydrick, RN, CDE Medtronic Minimed
- **GET PHYSICAL! CHAIR AND DYNABAND EXERCISES**
Ramsey E. Makbuli, Prevention Partners
- **THE SIMPLE THINGS/Q & A**
Elizabeth Todd Heckel, MSW, CDE, Program Director Diabetes Initiative of South Carolina at the Department of Family and Preventive Medicine, Palmetto-Richland Memorial Hospital

Participants were treated to a healthy lunch and received pedometers, which they used during a 20-minute walk; a dynaband for the afternoon exercise session and several useful handouts donated courtesy of the Family Practice Center. About a dozen door prizes were also given away. Participants filled out a brief, voluntary pre-seminar survey of demographics, medication history, lifestyle and diabetes knowledge.

Prevention Partners workshops and seminars are offered to state, county, municipal and school district employees, retirees and their dependents, regardless of health coverage. Prevention Partners would like to continue to offer similar seminars in the future. This is a challenge during a time of shrinking budgets and resources. Until now, the workshops and seminars have been free, due to the willingness of workshop and seminar speakers to volunteer their time and the availability of free workshop space. If speakers charged \$100 - \$150/session and workshop space had to be rented, these expenses would be passed on to the participants and the State Health Plan. Thus far, the Plan has only had to cover the expenses of travel, printed materials and interpreting services for the hearing impaired.

Overall, the participants gave the seminar high marks. Following are a few comments from the seminar evaluations:

- "This all-day seminar was great. We attended the three-hour one on Bull Street (Columbia), and it was a lot to absorb back then. This was much better."
- "Physicians do not have time to educate, so these workshops are essential!"
- "We really need more, since you are wonderful presenters! The greatest yet!"
- "It definitely motivated me to get back on track."
- "Actual hands-on exercise using the dynaband and walking as a group was great."
- "After having diabetes for awhile, you tend to get crazy and slack. This is a wake-up call."



South Carolina Budget and Control Board
Employee Insurance Program
1201 Main Street, Suite 300
PO Box 11661
Columbia, SC 29211

BlueCross BlueShield of South Carolina wants you to know ...



The **Claims** and **Customer Service** centers of BlueCross BlueShield of South Carolina (BCBSSC) will be moving to a new location, 4101 Percival Road in Columbia, Friday, May 16. They will be in operation at the new location on Monday, May 19. Their phone numbers will remain the same.

The mailing address will remain the same—P.O. Box 100605, Columbia, S.C. 29260-0605. The new internal mail code for these two departments will be AX-B10 (replaces AF130).

This change will not affect any subscribers, unless they wish to meet with a Claims or Customer Service representative in person. Medi-Call will remain at its current location on Faraway Drive.

Insight

is produced monthly by
the South Carolina
Budget and Control Board
Employee Insurance Program

South Carolina Budget
and Control Board:

Mark Sanford, Chairman
Governor

Grady L. Patterson, Jr.
State Treasurer

Richard Eckstrom
Comptroller General

Hugh K. Leatherman, Sr.
Chairman, Senate Finance
Committee

Robert W. Harrell, Jr.
Chairman, House Ways
& Means Committee

Frank Fusco
Executive Director